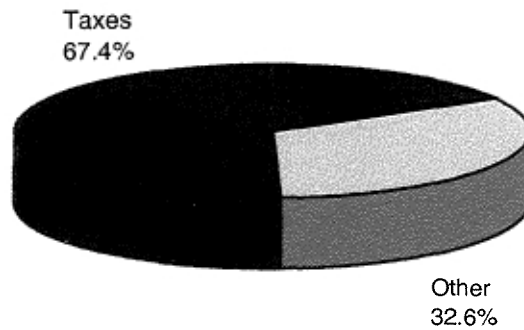
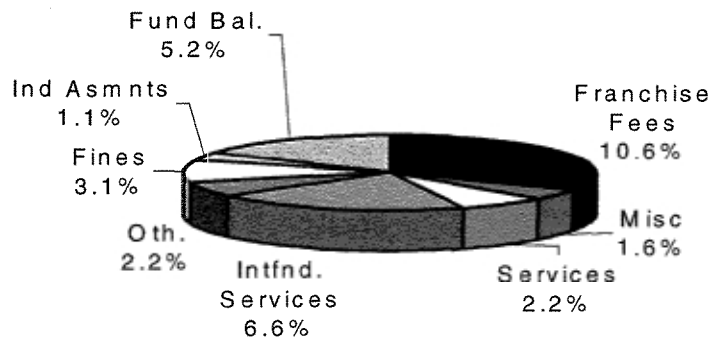

GENERAL FUND RESOURCES SUMMARY

The General Fund is the City of Houston's largest operating fund. With total resources of \$1.507 billion budgeted in FY2003, this fund relies heavily on various forms of revenue to finance its operations. As illustrated below, approximately sixty-seven percent of the total resources in the General Fund are from property and sales taxes.

GENERAL FUND RESOURCES FY2003 BUDGET



COMPOSITION OF OTHER (ABOVE)

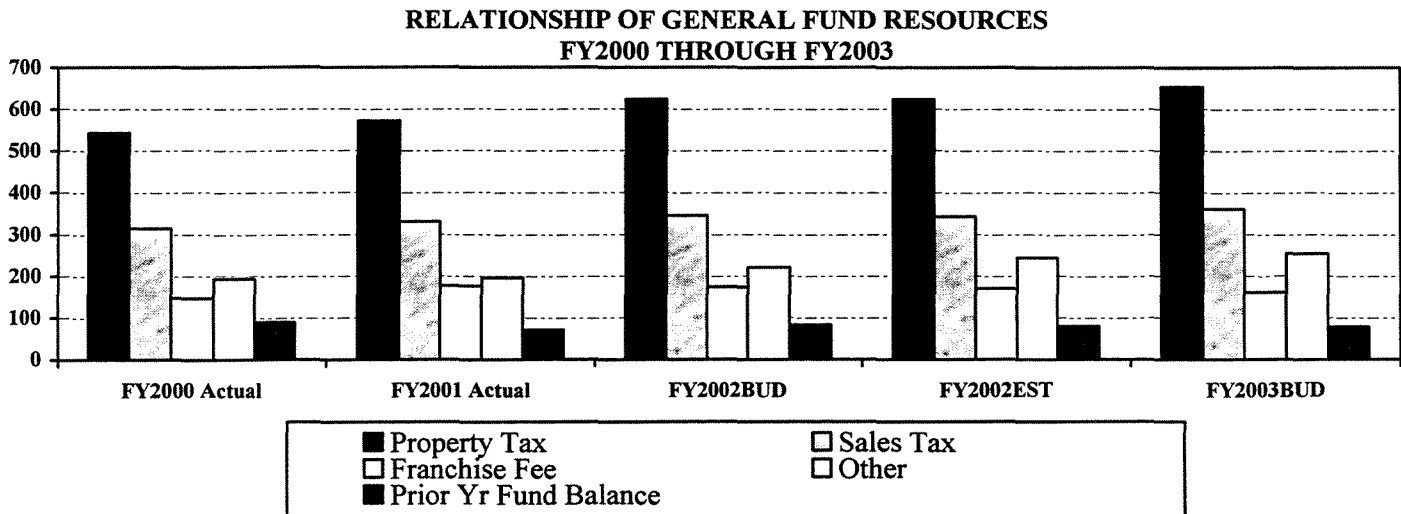


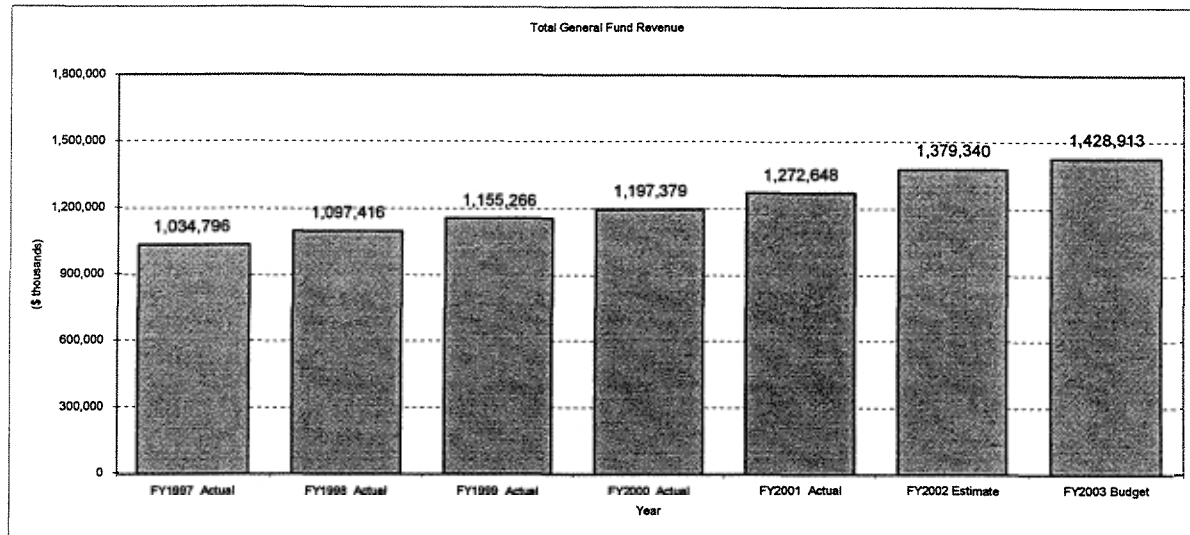
FISCAL YEAR 2003 BUDGET

The composition of the FY2003 General Fund resources is listed below:

<u>RESOURCE CATEGORIES</u>	<u>RESOURCES FY2003 BUDGET*</u>	<u>% OF TOTAL BUDGET</u>
Taxes:		
Property Taxes	\$ 654,070	43.4%
Sales Taxes	361,087	24.0%
Franchise Fees	160,020	10.6%
Industrial Districts	16,000	1.1%
Intergovernmental	10,468	0.7%
Charges for Services	33,532	2.2%
Interfund Services	99,830	6.6%
Licenses and Permits	13,106	0.9%
Fines and Forfeits	47,337	3.1%
Interest on Investments	8,500	0.6%
Miscellaneous	<u>24,963</u>	<u>1.6%</u>
Total Revenues	1,428,913	94.8%
Ending FY2002 Fund Balance	<u>78,111</u>	<u>5.2%</u>
TOTAL	<u>\$ 1,507,024</u>	<u>100.0%</u>
*Dollars in Thousands		

The graph below provides a four-year comparison of the City's resources in millions of dollars.





The FY2002 Estimate and the FY2003 Budget amounts in the chart above include increases for two extraordinary factors, the gross revenues of the Special Purpose annexations (10.0 million), and the increased cost of Police Protection provided to the Airports (\$2.9 million).

Table I below provides the FY2003 General Fund revenue estimate in the categories that have become traditional. As shown, the total revenue is expected to be \$1.429 billion, or \$49.573 million (3.59%) greater than the projected FY2002 revenue.

Table I

**FY2003 Revenue Estimates
Compared with FY2002 Projections**

<u>Item</u>	<u>Projected Revenue (\$Thousands)</u>		
	<u>FY2002</u>	<u>FY2003</u>	<u>Increase</u>
General Property Taxes	624,438	654,070	29,632
Industrial Assessments	16,260	16,000	(260)
Sales Tax	341,733	361,087	19,354
Electric Franchise	85,751	78,200	(7,551)
Telephone Franchise	57,771	58,458	687
Gas Franchise	13,474	13,550	76
Other Franchise	12,012	9,812	(2,200)
Licenses and Permits	12,821	13,106	285
Intergovernmental	20,115	10,468	(9,647)
Charges for Services	32,189	33,532	1,343
Direct Interfund Services	66,226	84,457	18,231
Indirect Interfund Services	14,010	15,373	1,363
Municipal Courts Fines and Forfeitures	36,352	44,940	8,588
Other Fines and Forfeits	2,626	2,397	(229)
Interest	8,225	8,500	275
Miscellaneous/Other	<u>35,337</u>	<u>24,963</u>	<u>(10,374)</u>
Totals	1,379,340	1,428,913	49,573

Table II provides the revenue estimate for each distinct revenue source that is expected to produce at least \$3 million in FY2003. The remainder of this document describes the projection logic that has been used for each of these items.

**Table II
Revenue Estimates for
Revenue Sources over \$3 Million**

<u>Item</u>	<u>Projected Revenue (\$ Thousands)</u>		
	<u>FY2002</u>	<u>FY2003</u>	<u>Increase</u>
Property Tax	624,438	654,070	29,632
Sales Tax	341,733	361,087	19,354
Electric Franchise	85,751	78,200	(7,551)
Telephone Franchise	57,771	58,458	687
Interfund Police Protection	25,690	29,554	3,864
Traffic Violations	21,586	26,880	5,294
Interfund Engineering Services	21,635	24,085	2,450
Ambulance Fees	17,300	18,400	1,100
Industrial Assessments	16,260	16,000	(260)
Indirect Cost Recovery	14,010	15,373	1,363
Licenses and Permits	12,821	13,106	285
Gas Franchise Fees	13,474	13,550	76
Miscellaneous/Other – Other Than			
Operating Transfers	15,337	12,008	(3,329)
Municipal Courts Fines & Forfeitures			
Other than Moving & Parking Violations	9,838	10,866	1,028
Interfund Fire Protection	8,988	10,727	1,739
Interfund Concrete/Overlay Reimbursement	4,191	14,347	10,156
Direct Interfund Other than Engineering,			
Fire, Police, Concrete/Overlay	5,721	5,883	162
Cable TV Franchise Fees	10,800	8,600	(2,200)
Interest	8,225	8,500	275
Mixed Beverage Tax	7,583	8,000	417
Charges for Services Other than			
Ambulance, Platting Fees,			
and Parking Fees	8,047	7,859	(188)
Parking Violations	4,929	7,194	2,265
Platting Fees	4,169	3,811	(358)
Parking Fees	2,673	3,463	790
Transfer from ALP	20,000	0	(20,000)
METRO Funding	10,000	0	(10,000)
Additional New Funding Sources	0	12,955	12,955
All Other Revenue	<u>6,370</u>	<u>5,937</u>	<u>(433)</u>
 Totals	 1,379,340	 1,428,913	 49,573

Taxes

Property Taxes

General property taxes are ad valorem taxes levied on the assessed valuation of real and personal property. Taxable values for all real and personal property within the City are established by the Harris County Appraisal District (HCAD), based upon market values as of January 1. City Council then approves exemptions such as homestead, over 65, disabled and Freeport from taxation and sets a tax rate within the limitations set by state law. The current tax rate for the City of Houston is 65.5 cents per \$100 of assessed valuation.

HCAD notifies taxpayers and taxing jurisdictions of these values in April and May of each year. Taxpayers may protest these values or the exemption status of their property. Hearings of appeals are largely concluded by October, and the Chief Appraiser of HCAD certifies the City's tax roll once 95 percent of the roll is completed.

City Council then sets a tax rate, and bills are sent to taxpayers, usually by early November. Payment is due by January 31 of the next calendar year. Taxes not paid by that date are delinquent and are subject to a seven percent late fee, which increases 2 percent per month until June 30. If an account is certified by the Chief Appraiser so that taxes are not billed before January 10, the taxpayer has at least 21 days, or until the end of the following month, to pay without incurring late fees. Taxpayers who wish to appeal values set by HCAD in state court may do so if they pay taxes on the uncontested value.

Occasionally, taxes are overpaid as the result of errors in appraisal. The City refunds such payments based upon instructions from HCAD or the state courts and documentation supplied by the taxpayers. These refunds are treated as expenditures in the General Government budget. Fluctuations in collections reflect changes in assessed property values, collection efforts, and tax rate changes.

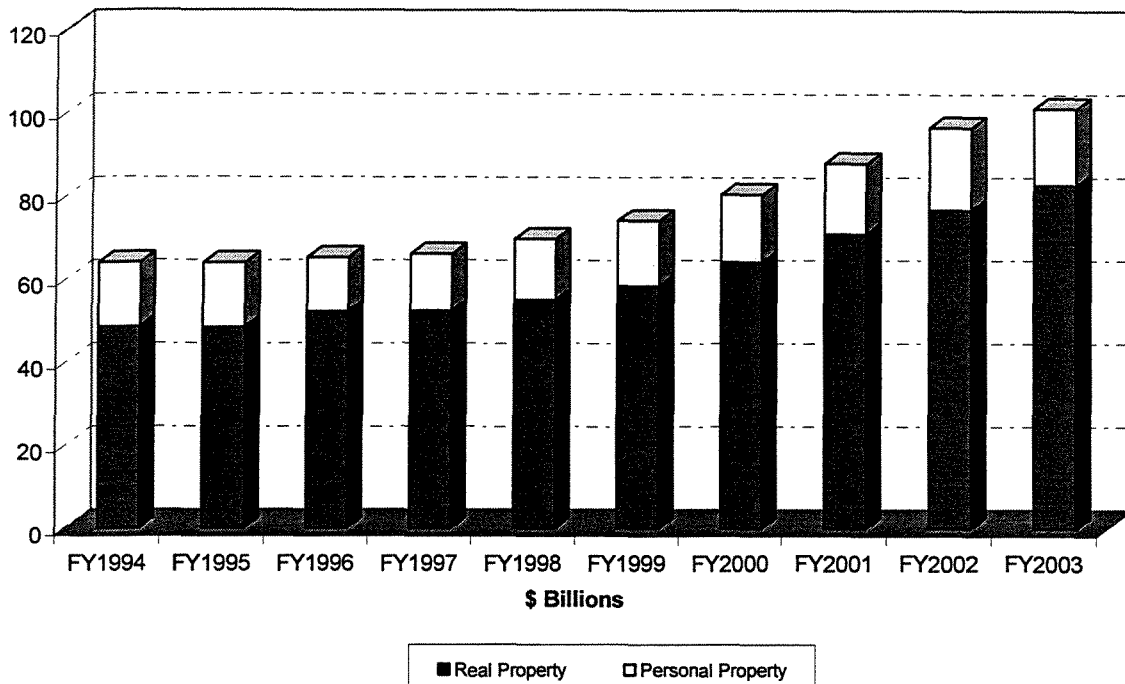
The property tax revenue estimate of \$654.07 million is derived from an HCAD projection provided to the City in early June. The tax base to be certified in August was estimated to be \$101.2 billion, or approximately 4.94% higher than the FY 2002 tax base. This amount is net of the increased senior/disabled exemption, which was increased from \$34,006 to \$40,000. This is projected to exempt an additional \$393 million in taxable value from the tax rolls, reducing revenue by approximately \$2.5 million. The senior/disabled exemption was also approved to be increased by 10% in each of the five subsequent fiscal years.

The Finance and Administration Department applied an assumed 65.5 cent tax rate to this tax base, along with a 97.1% collection ratio and assumptions for prior year taxes collected (\$26 million) and TIRZ payments due (\$15.4 million), to arrive at a revenue estimate of \$654.07 million.

This revenue is approximately 4.74% higher than the estimated FY 2002 revenue of \$624 million. This year-to-year revenue growth is significantly less than the 8.48% revenue growth experienced between FY 2001 and FY 2002.

On the following page is a graph showing the ten-year history of appraised property values in Houston, with the \$101.2 estimate shown for FY 2003.

APPRAISED VALUE FY1994 - FY2003



CITY OF HOUSTON APPRAISED VALUE (\$ Millions)

Fiscal Year	Tax Year	Real Property	Personal Total Property	Value
1994	1993	48,448	15,523	63,971
1995	1994	48,367	15,546	63,913
1996	1995	52,132	13,021	65,153
1997	1996	52,304	13,724	66,028
1998	1997	54,997	14,611	69,608
1999	1998	58,276	15,768	74,044
2000	1999	64,149	16,200	80,349
2001	2000	70,859	16,956	87,815
2002	2001	76,721	19,711	96,432*
2003	2002	82,754	18,446	101,200

*Harris County Appraisal District Estimate

Sales Tax

General sales and use taxes are imposed upon the sale or consumption of certain goods and services at the point of sale. In the City of Houston, a \$.0825 sales and use tax is applied for every dollar of sales. The Metropolitan Transit Authority (METRO) receives \$.01, and the State of Texas receives \$.0625. The State Comptroller remits a \$.01 share to the City, after withholding a 2% service charge.

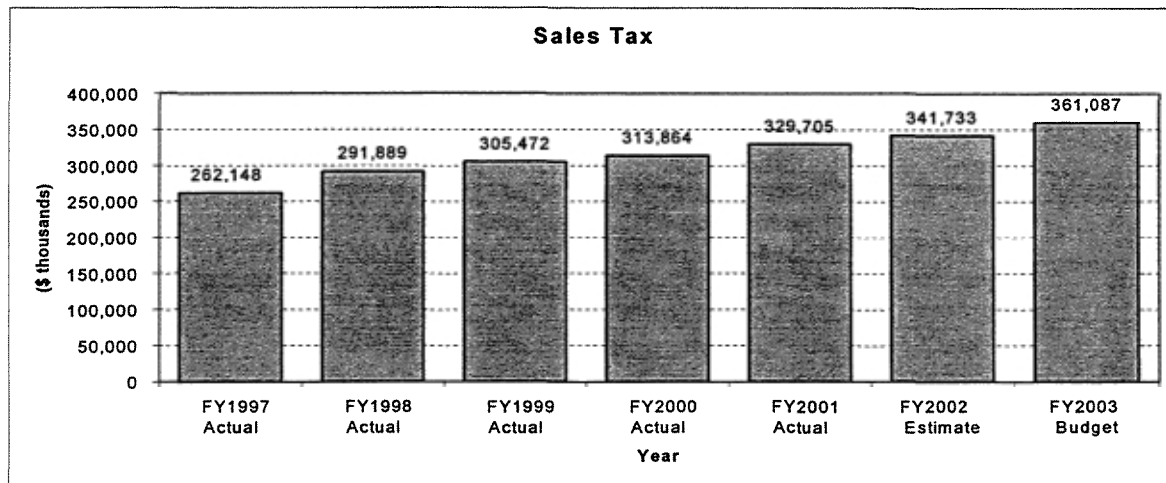
Due to the favorable economic conditions in Houston, sales tax has become an important factor in the City's overall revenue stream. However, due to its economically sensitive nature, sales tax reacts quickly with changes in the economy. This fact has been to the City's benefit in the last few years as the economy has improved, but can lead to a stagnant revenue source if the local economy cools. In calculating the FY2003 budget, historical data was analyzed, factoring economic conditions which may impact actual revenues received. In addition, the effect of current laws which exempt certain goods and services from taxation are incorporated into this analysis and are used to modify projections accordingly.

Large fluctuations in sales tax caused the City Council to retain an outside economist to make predictions, beginning in FY2001. Dr. Barton Smith has provided an extension of his analysis for FY2003, which indicates that sales tax will grow 3.98%, to an estimated \$354.634 million.

However, Dr. Smith indicated that a margin for error of + or - 1.5% was appropriate around his projection. This range is shown below:

	<u>Growth</u>	<u>Revenue Projection</u>
Low	2.48%	349,531
Mid	3.98%	354,634
High	5.48%	359,763

The FY2003 Budget includes sales tax revenue of \$361.087 million which is Dr. Smith's mid-point estimate, less 1% for conservatism, plus \$10 million for several Limited Purpose annexations, which are not included in Dr. Smith's calculations. Of this, half (\$5 million) will be budgeted in General Government as an expenditure to the MUD districts involved. The graph below provides a seven-year comparison of the City's Sales Tax revenue.



Industrial Assessments

The City of Houston has fifteen year Industrial District Contract Agreements with 100 plus companies that are located within the Houston ETJ. An ad valorem assessed valuation fee, at a reduced percentage of total, is calculated and billed annually to each of those companies in lieu of the property being annexed and subject to City of Houston property taxes. The fifth tax year contract fees scheduled for billing and collection in FY2002 will approximate \$16.3 million. Industrial District Assessments are based on current year property values provided by HCAD. These projections may change after receipt of the property value information received from HCAD. These are contractual revenues, with the current agreements up for renegotiations in 2012. The FY2003 Budget includes a decrease to approximately \$16.0 million. The current decrease is linked to reduced inventories and closed facilities. This revenue source can be expected to continue a gradual decrease over the remaining years of the agreements.

Franchise Fees

Franchise fees are imposed on the privilege of using public property for private purposes. Franchise agreements have been granted to numerous enterprises including Reliant Energy Houston Lighting and Power Co. (HL&P), Entex, Southwestern Bell, several cable television firms, and others. Changes in franchise revenue depend on many factors including economic fluctuations, rate charges, customer usage, franchise agreement changes and legislative actions.

Electric Franchise

Electric franchise fees are paid to the City for the right to conduct an electric light and power business and to use the City rights-of-way for that business. These fees are paid quarterly in November, February, May, and August, of each year, based on an amount over the base year fee (1998) times the ratio of KWH usage to the 1998 usage. That factor is .0026838 \$ /KWH sold and will remain in place in the future. For example, if usage in 2002 is 8% higher than it was in 1998, the City's franchise fee will be 8% greater than what we received in 1998.

This is a change from previous years due to de-regulation which occurred January 1, 2002. Prior to de-regulation, franchise fees were based on 4 percent of the gross receipts of the previous quarter. One unique consequence of this change is the "decoupling" of our revenue and expense, which have always moved in the same direction, and therefore produced a more "forgiving prediction" environment. Conceivably, if fuel costs increase, and usage decreases, we could face higher expenditures, while revenues decrease.

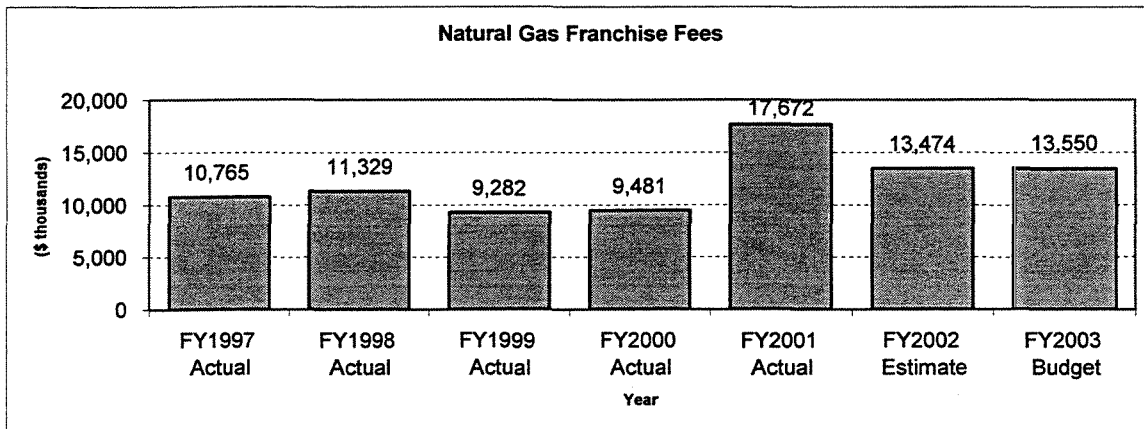
Reliant Energy was asked to estimate the Franchise Fee that would be collected during FY2003. Their estimate of KWH usage is from a low of 28 billion KWH to a high of 29.1 billion KWH. This translates into a range of revenue of \$75.2 million to \$78.2 million. For the FY2003 Budget, revenues of \$76.7 million are projected, which is the midpoint of the estimate range. The franchise fee billed the enterprise funds is projected as an additional \$1.5 million, for a total Electric Franchise Fee projection of \$78.2 million.

Gas Franchise

The Gas Franchise fee is paid in exchange for Entex's operation of a natural gas distribution business in the public rights-of-way. These fees are paid quarterly in October, January, April, and July and are based on a percentage of gross receipts of 4 percent for small consumers and .32 percent for large consumers.

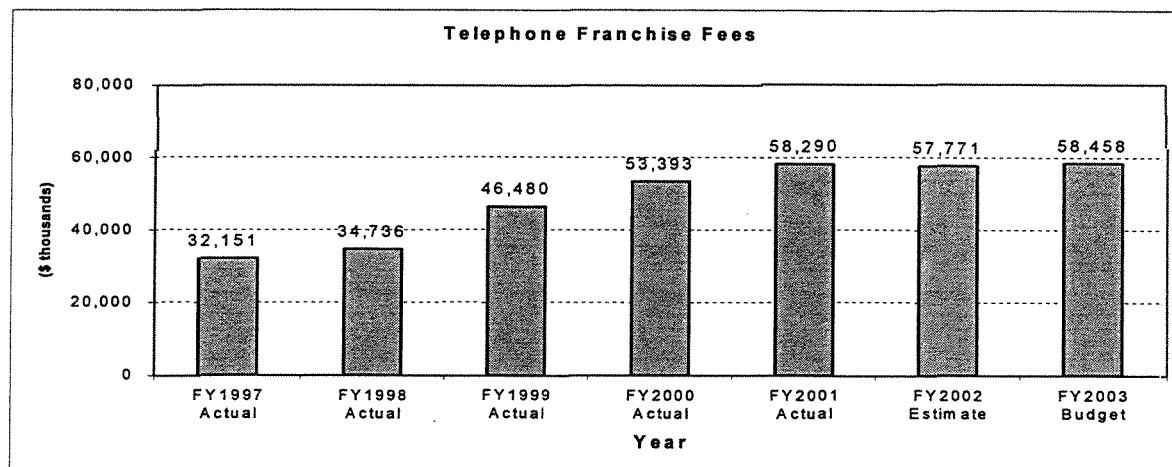
Gas franchise fee revenue equals 4% of gross sales within the City. Gas rates are regulated by the Texas Railroad Commission, and rate adjustments occur twice a year. These rate adjustments are for a 6 month period. The adjustment currently in effect is for February 2002 through July 2002, and is 23.556 cents for each 100 cubic feet of gas used. (The factor for the same period in 2001 was 60.89 cents). This adjustment reflects the decrease in cost of natural gas after the spike in natural gas prices for the end of calendar year 2000.

Due to the extreme volatility of natural gas prices, and the inability to predict prices with any certainty, the FY2003 budget is at the average of the last 3 years, which is conservative compared to the price spike in FY2001. The graph below provides a seven-year comparison of the City's Natural Gas Franchise Fee revenue.



Telephone Franchise

The telephone franchise fee is determined by applying a fixed rate to the number of access lines. Until June 2000, the only provider was Southwestern Bell. Now, after HB1777 opened the market for local phone service, there are approximately 75 companies paying telephone franchise fees to the City. Southwestern Bell's portion is about 85%. The fixed rates are: residential \$1.53; non-residential \$5.18; and point-to-point \$14.74 per access line. Since deregulation, it appears that some revenues are being lost due to: new technology/services, market conditions, exclusion of DSL and other high-capacity lines, and unexplained migration of access lines. These issues are currently being reviewed by the PUC. They may allow cities to increase the fixed rates to recoup the lost revenues, but it is not certain at this time. Due to this uncertainty, the FY2003 Budget for Telephone Franchise revenues is at \$58.5 million which is substantially below the historical growth rate. The graph below provides a seven-year comparison of the City's Telephone Franchise Fee revenue.

Cable TV Franchise Fees

Cable TV franchise fees are paid by 7 different cable providers. The rate ranges from 3% to 5% of gross revenue. Since 1993, the City has been renewing the expiring agreements at 5%, the maximum allowed by the FCC. The projection for FY2003 of \$8.6 million is lower than the FY2002 estimate by \$2.2 million, due to a one-time settlement of \$1.7 million, and a recent FCC ruling that cable modem (internet) connections are not cable services, and are not subject to the cable franchise fee. This ruling is currently being appealed.

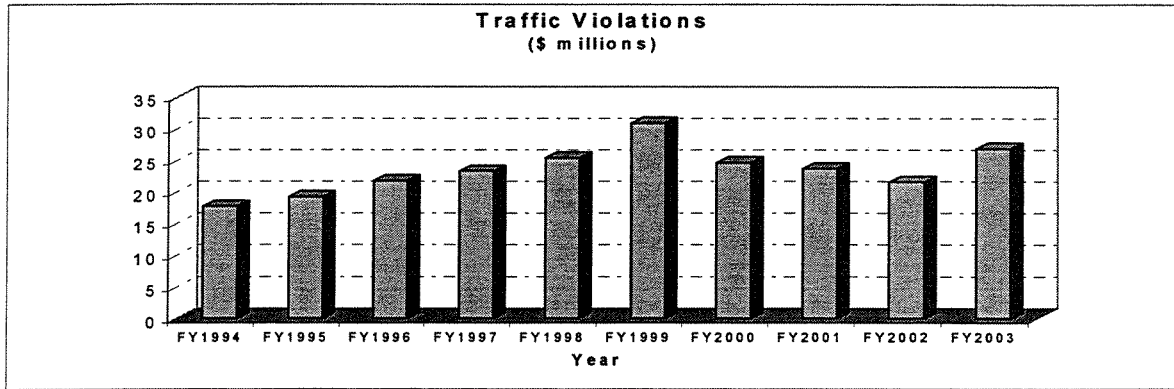
Interfund Police Protection

HPD provides police service for the Airport. Airport Police was reassigned with HPD to initiate this process. Aviation is an Enterprise Fund and therefore pays HPD for this service. The original contract is an agreed upon billing process, negotiated by the prior Chief of Police, the Mayor and Aviation. The original amount plus any increase or decrease would be calculated onto this original contract amount. The FY2003 projection of \$29.554 million is 15.04% above the FY2002 projection of \$25.69 million due to increased coverage after the events of September 11, 2001.

Traffic Violations

Revenues from traffic violations are fees collected from persons for traffic infractions that involve the operation of a vehicle. This includes all traffic paid cases. The FY2003 projection for moving violations is \$26.9 million, an increase of \$5.3 million over the FY2002 estimate of \$21.6 million. FY2003 was projected with a 24.5% increase over the FY2002 estimate. This recognizes the creation of a new traffic enforcement division, a group of 30 officers who will enhance public safety by enforcing existing traffic laws within the city, as well as new and aggressive collection techniques. The FY2003 projection also assumes annual traffic tickets of 840,000, up 22.6% from FY2002 estimate of 685,011; a maximum dismissal rate of 50%; and that the collection program performs at or above the FY2000 level of \$10.4 million.

The graph below provides a ten-year comparison of the City's Traffic Violations revenue.



Interfund Engineering Services

Interfund Engineering Services is the recovery of the costs incurred when the Design and Construction staff of Public Works and Building Services perform services for CIP projects. These salaries are recovered from CIP bond funds. An increase of \$2.45 million is projected in FY2003. This revenue source is matched by an expenditure in one of the two departments that provide such services.

Accordingly, any prediction error in revenues will be offset by a corresponding change in projected expenditures.

Ambulance Fees

Chapter 4 of the City Code provides for the establishment of, and guidelines for, a citywide ambulance service. The base and variable fee structure, as well as the Fire Department and Finance and Administration (F&A) responsibilities, are addressed under Section 4.13. F&A has been charged with the billing and collection services resulting from the transport data provided by the Fire Department. F&A has chosen to contract out these services to a private vendor. The contract was held by Lockheed-Martin IMS until ACS State and Local Solutions (ACS) acquired the IMS division of Lockheed-Martin in late 2001. The contract defines the scope of services, rules and procedures, the incremental contingency fee, and contractor payment provisions.

The current contract option expires on July 15, 2002 and F&A will ask City Council for an extension of this contract until October 15, 2002 to allow sufficient time to negotiate the award of a new contract. A Request for Proposals (RFP) was issued in the fall of 2001 and it is anticipated that a new contract will be awarded before October, 2002. The City has the right to terminate the contract by giving thirty day notice.

Net collections to the City decreased during the transitional period to ACS. As a result, the company implemented a revenue recovery plan that is on track to yield the desired results before the end of FY2002. Additionally, ACS successfully implemented two new programs, 1) a telephone collection effort to separate out the "unable" customer from the "unwilling" customer and, 2) a new program to offer delinquent customers an automatic \$49 a month payment plan. Both programs show promise to increase the self-pay collection rate.

The gross overall collection rate dropped from 41% in FY2001 to approximately 33% in FY2002 primarily due to the rate increase adopted at the beginning of FY2002. And, it will drop again in FY2003 if the newly proposed rate increase is implemented. This is because Medicare and Medicaid represent approximately 30% of all billings and they both pay a fixed fee. The maximum gross potential collection rate drops for both Medicare and Medicaid as the base fee increases. This is also tempered by the fact that both Medicare and Medicaid require proof of medical necessity before they will authorize payment. As such, the gross collection rate is not a reliable performance measurement tool since the City does not control what Medicare or Medicaid will pay per billing. The collection rate dilemma is also complicated by the fact that Medicare issued new requirements effective April, 2002 requiring additional documentation to prove medical necessity. These new requirements could negatively impact the collection rate in FY2003 as well.

Additionally, the overall gross collection rate is impacted by the fact that approximately 10% of the "self-pay" group pay. Efforts are under way to increase this to 15% or better. The "self-pay" group is composed of uninsured individuals who are not covered by Medicare, Medicaid or Private Insurance and it represents about 44% of all billings. This proportion is high compared to the general population who do not have some form of insurance, but according to the Fire Department, the uninsured population are more likely to utilize emergency services for medical care than the insured. Regardless of this, the vendor commits considerable resources to collecting "self-pay" accounts, mailing over 300,000 collection notices annually and placing approximately 10,000 telephone calls a month to unpaid accounts. The vendor accepts all major credit cards and will work out any reasonable payment plan arrangement to help citizens pay their bill.

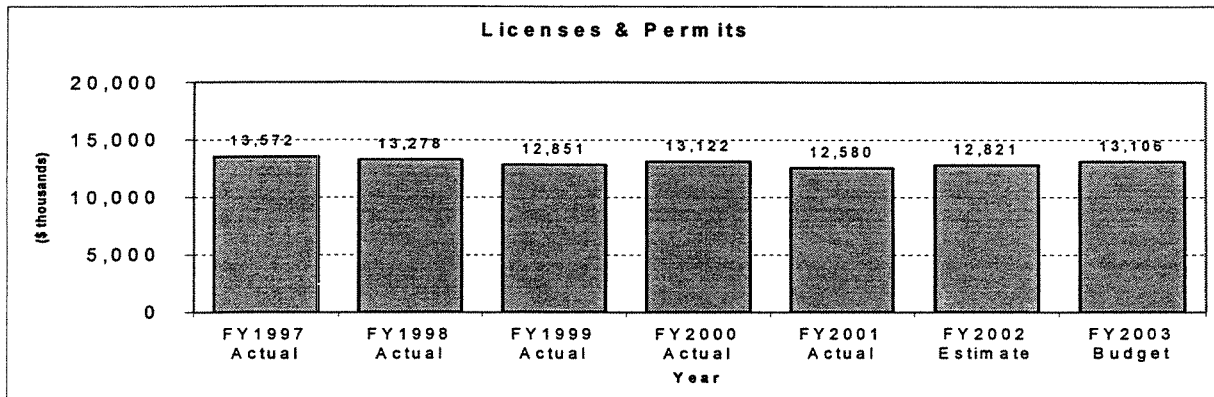
The FY2003 projection of \$18.4 million is higher than the FY2002 estimate by \$1.1 million, due to the one-time Medicare audit adjustment in FY2002. This does not include a rate increase, which would generate an estimated \$3.7 million in new revenue in FY2003 if transport volume maintains expected levels. The revenue associated with the rate increase is budgeted in miscellaneous revenues.

Indirect Cost Recovery

Indirect Interfund revenue is a representation of the recovery of the central service cost provided to other funds by the General Fund. These amounts are determined through the preparation of an annual cost allocation plan, which distributes administrative overhead costs to General Fund operating departments and to other funds. For the Fiscal Year 2003, the proposed plan calls for cost recoveries totaling \$15.373 million, an increase of \$1.363 million in indirect interfund revenue from the FY2002 estimate of \$14.01 million. The increase is mainly due to FY2000 expenditures being charged to Water & Sewer in error, which were corrected in FY2002.

Licenses and Permits

The Licenses and Permits category contains such items as burglar alarms, special fire, and many other permits. With no expected real growth on the horizon, these revenues are projected to be generally flat. The FY2002 estimate is \$12.821 million, while the projection for FY2003 is \$13.106 million, an increase of only \$285 thousand. The graph below provides a seven-year comparison of the City's Licenses & Permits revenues.



Miscellaneous/Other - Other Than Operating Transfer

This revenue is being projected at \$15.337 million for FY2002 and \$12.008 million for FY2003. This includes a decrease of \$1.1 million due to lower projections for sale of streets and sale of land, as well as lower street and bridge assessments, miscellaneous revenues, and recoveries and refunds.

The City is entitled to 5% of the incremental property tax revenue up to \$25,000 per TIRZ as a reimbursement for administrative costs incurred by the City on behalf of the TIRZ. In FY2003, the City will be receiving \$350,000 for FY2003. In addition, a miscellaneous revenue of \$4.1 million has been projected to account for water and wastewater reimbursement to the General Fund for infrastructure purchased with property tax revenue through the TIRZ financing mechanism.

Municipal Courts Fines and Forfeitures Other than Moving and Parking Violations

Delinquent collection of Municipal Court Fines and Forfeitures is now largely privatized. It is projected to increase 10.44%, from \$9.838 million in FY2002 to \$10.866 million for FY2003, due to increases of ticket issuance, and decreasing dismissal rates. The new collection process is expected to increase collections in the future, which could lead to additional increases in this revenue source.

Interfund Fire Protection

This revenue is for fire protection provided by the Fire Department to the Aviation Department. It includes the actual costs for salaries, workers compensation, pension, and other direct expenses. The service provided includes 114 positions for 4 shifts at a 1.21 manning factor, along with the salary of the Airport Coordinator and the Training Coordinator. The FY2002 estimate of \$8.988 million is at budget, while the projection for FY2003 is for \$10.727 million, an increase of \$1.739 million, mainly to cover increases in salary and benefits of the existing coverage, and enhanced protection at the airports.

Interfund Concrete/Overlay Reimbursement

This revenue is for concrete repair (\$4.3 million) and overlay (\$10 million), which will be billed to various CIP projects.

Direct Interfund Other than Engineering, Fire, Police, Concrete/Overlay

These revenues are payments received for services performed by the General Fund for other funds. An increase of only \$162 thousand is projected in FY2003 over the FY2002 estimate of \$5.721 million.

Interest

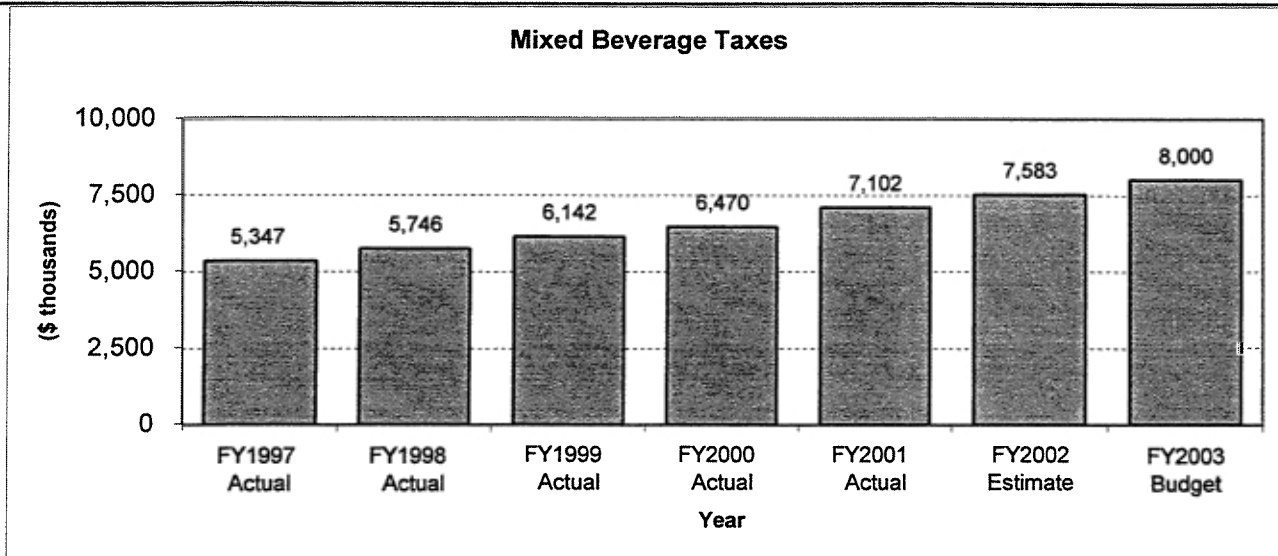
The City aggressively invests surplus balances and retains the earnings in the General Fund. The amount of such earnings depends on the balance available, the general level of interest rates, and the investment policies (tolerance for risk, need for liquidity, etc.) chosen. The FY2003 projection of \$8.5 million is calculated using an estimated interest rate of 5.1%, while FY2002 uses 5%. This is due to expected interest rate increases.

Mixed Beverage Tax

By law, all mixed beverage and private club permit holders remit to the State Comptroller a 14% gross receipts tax on their mixed beverage sales each month. Following the end of each calendar quarter, 10.7143% of the tax paid is allocated to the county where each business is located. For any business located within an incorporated city, another 10.7143% of the tax paid is allocated to the city where it is located. The remaining tax is distributed to the State's General Revenue Fund. Mixed Beverage Tax allocation amounts are dependent upon the timing and accuracy of taxpayer's returns and payments, but generally represent taxes remitted to the Comptroller's Office during the calendar quarter immediately preceding the month the allocation is distributed.

The Mixed Beverage Tax revenue has grown by an average of 9.52% from FY1999 to FY2002 (est). The last 4 quarters actual growth has been 6.81%, but the projected growth for FY02 is 5.95%. For the FY2003 projection, a 6% growth is assumed, giving us a projection of \$8.0 million for FY2003, an increase of \$417 thousand.

On the following page is a graph showing the seven-year comparison of the City's Mixed Beverage Tax revenue.



Charges for Services Other than Ambulance, Platting Fees, and Parking Fees

The City performs many services for others. The recipient of these services may be the citizens or various groups that operate in Houston. Examples of the services are: miscellaneous copy fees, public safety report fees, vending machine concessions, vehicle storage, hazardous material response, and many others. The City charges nominal fees for these services. Many of these revenues generally have little or no growth from one year to the next, therefore, the only way in which they would show improvement would be in the event of a fee increase. For FY2003, revenues of \$7.859 million are projected, a decrease of \$188 thousand over the FY2002 estimate of \$8.047 million.

Parking Violations

These are fees collected from parking violations, including all parking paid cases. The FY2003 budget for parking violations is \$7.194 million; \$2.265 million more than the FY2002 estimate of \$4.929 million. The assumptions are 6,000 metered spaces; a dismissal rate of 50%; and that the collection program performs at or above the FY1998 to FY2000 level. Generally, parking violation revenues average 50% of coin revenue downtown, and 25% of coin revenue in other areas.

Parking Fees

This revenue comes from both parking meters and city parking lot usage, excluding those owned by the Convention & Entertainment Department. Downtown construction has reduced the number of parking meters used, but with the increased presence of parking enforcement officers, which thus far has led to more courtroom cases, and introduction of the new meters in FY2002, use of meters and parking lots should increase.

The FY2003 projection of \$3.463 million is \$790 thousand higher than the FY2002 estimate of \$2.673 million, primarily from new and replacement meters.

Additional Funding Sources

This revenue is comprised of 2 components: new fees, and increased existing fees. The new fees are for fire alarm permits, extra solid waste capacity, and a waste hauler franchise fee, totaling \$8 million. The increased existing fees are for Health fees, Police and Fire fees, and Ambulance fees, totaling \$5 million.

Other Categories

The smaller revenue sources were generally predicted by the appropriate departments or were trended by F&A. These smaller revenues are being projected at \$5.9 million for FY2003.

A detailed listing of General Fund revenues by category are presented on the following pages, showing the FY2001 Actual, FY2002 Budget and Estimate, and the FY2003 Budget amounts.